

Run a business on eBay

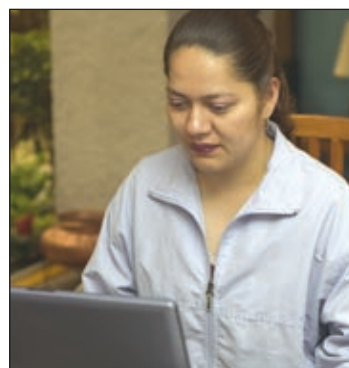
Before ploughing cash into creating an online shop, have a trial run. **Simon Edwards** explains how online markets can help you

Q I run a small company that produces organic pet food. I have business relationships with a large number of established clients, but I'm considering branching out and using the internet to attract further sales.

I have explored the possibility of creating my own site, maybe using an e-commerce package such as Actinic, but before investing any serious money in this venture I want to make sure that there will be enough interest in the product. For that reason, I am considering using eBay.

Is this a good idea, or will potential customers take the business less seriously because it doesn't have its own website? My other concern is regarding eBay's charges. Do I need to have a payment account with eBay or can I use our existing system?

Elizabeth McKenzie



A There is a lot to be said for selling directly from your own website. It allows you to tailor your customers' buying experience to your brand, and existing customers may trust the online shop more because they already trust your retail outlet. What's more, with your own site, the only limitations, fees and commissions are related to your back-end payment services, web-design charges and software licences. However, setting up such an enterprise is no mean feat and will take time and money. Before you embark on a full-scale move to the internet, using an online market such as eBay is a good idea.

eBay is best known as an online auction site, but it also offers businesses a way to sell products to internet-connected customers at set prices. Instead of casting your products into a mass of other, similar items, you can set up your own virtual shop within eBay's site. This enables you to use your own company name within a generally trusted and popular site.

Most businesses sensibly consider their brands to be incredibly valuable. They have usually spent a lot of time and money building up a relationship with their customers and potential customers. Every penny you spend on marketing is invested in your brand, and the effort you put into keeping customers happy adds value

to the brand. However, setting up a dodgy-looking website can damage your brand, undoing the good work you have been busy producing, possibly for years. Using a well-known site such as eBay or Amazon can reinforce your brand through the implicit collaboration.

GOING TO THE SHOPS

Large sites such as eBay and Amazon often let dedicated sellers set up a mini site within the main one. They act like a large shopping centre, renting out space to other, smaller businesses. Log on to eBay and click on the link called eBay Shops. You should find a list of featured shops and a categorised directory of others. You could be listed here if you choose to set up shop at eBay.

There are three main types of eBay Shop available. The Basic version costs £6 per month and provides the essential tools necessary to list products, allocate them to buyers and take payments. You also get five pages to customise. If you don't think you can afford to spend much time developing a brand on eBay's site, this is the option for you. The Featured Shop option costs £30 per month and provides some useful extras including 10 customisable pages, tools to track where your customers are coming from and the chance to appear on the eBay Shops homepage.

EBAY ACCOUNTS COMPARED

eBay provides three types of eBay Shop account, each of which provides a different level of service. This table shows the main differences; a complete list is available at <http://pages.ebay.co.uk/storefronts/subscriptions.html>.

	BASIC	FEATURED	ANCHOR
Monthly subscription	£6 inc VAT	£30 inc VAT	£300 inc VAT
Unlimited product pages	Yes	Yes	Yes
Custom pages	5	10	15
Customised headers	Yes	Yes	Yes
eBay header reduction	No	Yes	Yes
Sales-management tools	No	Yes	Yes
Space for pictures	1MB	1MB	50MB
Shop appears in related shops	Occasionally	Sometimes	Frequently
Email marketing	1,000 emails per month	2,500 emails per month	5,000 emails per month
Traffic reports	Yes	Advanced	Advanced

INTRODUCTION

Moving your business online, and thus enabling it to sell directly to customers using the internet, can involve a significant investment of time and money. However, there are ways to explore web-based selling without having to employ programmers or buy expensive software.

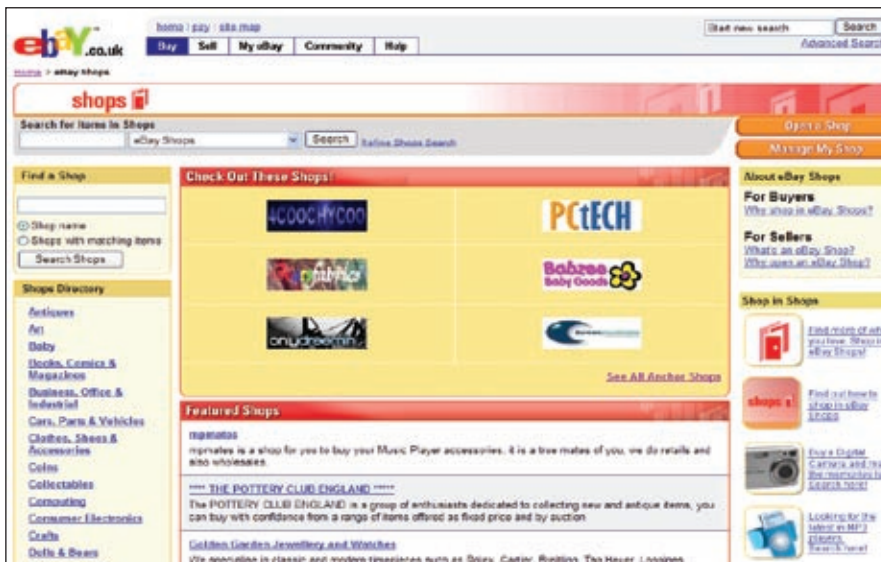
Using an established marketplace such as eBay or Amazon allows you to test the water. You can judge customer demand and work out minor problems before plunging into the online world. Some online markets let you establish a branded presence, which will attract existing customers and reassure those less familiar with your business.

Even if you don't have an existing retail outlet, using an online market can provide a low-cost way to start up a profitable business. Then, if everything works out, you can consider investing in your own e-commerce website.

Simon Edwards
Technical Editor



businesshelp@computershopper.co.uk



▲ Paying extra for an Anchor Shop means your online store will stand out from the rest

There is a third, much more expensive option called Anchor. An Anchor Shop costs £300 per month to run and provides all the Featured Shop benefits plus lots more web space for storing images, an extra five pages and a more powerful email marketing tool. Furthermore, Anchor Shops receive extra promotion on the eBay Shop homepage. If you're just starting out, this option is not for you.

To open an eBay Shop, you must have an eBay feedback score of 10 or higher, have a direct debit on file for payment of eBay fees or have a PayPal account linked to your eBay account and a Feedback rating of at least five. If you don't intend to use PayPal, eBay's own payment system, you'll need to set up direct debit or run a few standard auctions to build a good feedback rating.

Most people think of eBay as an auction site and, as with auctions in the physical world, eBay takes a commission from every sale. The same applies to items sold through eBay Shops. Not only that, you have to pay a small amount just

to list an item for sale. Even if an item is listed at a set price and is not up for auction, you will need to relist unsold products every 30 days. Relisting also costs a small amount. Those fees can add up and you may need to factor them into the price of your goods to avoid losing too much of your profits in administration fees.

OTHER OPTIONS

eBay is not your only option when setting up an online shop. Amazon's Marketplace lets you create a store to sell new, used and refurbished items, too. It is similar to eBay Shops in some ways, allowing you to list items for sale at set prices and requiring that unsold items be relisted, though at 60-day rather than 30-day intervals. You can avoid this hassle by signing up for a Pro-merchant account. This is suitable for people who sell more than 30 items per month, and costs £28.75 per month.

One advantage Amazon offers is that your products are visible to visitors to the main Amazon website. People looking for a particular book or other item will often see an option to buy 'Used & new'. Selecting this, rather than clicking on the Add to Shopping Basket button, takes them to your Marketplace shop, known as a zShop. ZShops have their own dedicated place on Amazon's site, and you can search or browse them separately from the main site, too.

Amazon handles payments from your customers and automatically credits your bank account every two weeks. Its payment system currently charges 3.45 per cent plus 29p for each transaction. You also pay 86p per item as a completion fee, plus a further fee of 17.25 per cent of the sales price. Pro-merchant account holders pay only their monthly fee plus 17.25 per cent of the sales price. There is also an administration fee for delivery charges.

Before signing up to any online-selling service, be sure to check its terms and conditions on its website. Both eBay and Amazon list some quite complicated sets of fees. **CS**

Next month

CENTRALISED FAXING

There's still a place for the fax machine in business – get the most out of yours

A design for life

Customising your site

When you sign up to an online market, you are handing over the hassle of setting up a site to someone else, but you pay for this through payment fees and commissions. Even then, you need to do some rudimentary web design. By now your dream to get up and running with an online shop, with the minimum of hassle, might seem to be fading; even if you can get your head around the complicated matrices of fees, you're still expected to customise your pages.

Now is the time for you to consider if you are willing to pay the fees and do a bit of design work, or if you are prepared to learn how to do some effective web design and ditch the long-term expense of using a market.

If you haven't time for custom pages, you won't benefit much from the advanced market options such as Amazon's Pro-merchant account or an eBay Featured Shop. In this case, you could settle for an easy life and set up a Basic eBay Shop, although you won't benefit from the marketing and business tools that the more advanced accounts provide.

Alternatively, if you want to cut right down on complicated fees, you could take charge of the situation and throw yourself into web design. Sign up for Actinic Express, an online e-commerce service that builds a website for you with the minimum of hassle, and you can plug your shop into a variety of payment services, including PayPal, Protx and SECPay.

The service costs £50 inc VAT to sign up and £20 inc VAT per month thereafter. Because the service does a lot of the design work for you, you're not really committing to a new career as a web designer, although there is plenty of scope to make your mark on the site if you want to. For a longer-term solution, you can buy the Actinic Catalog software for £399 and use it to create your own online store without the ongoing monthly fees.



▲ Actinic Express's easy tools (top) let you create a great-looking online shop (below)



▲ The list of marketplace sellers for an item on Amazon is a click away from the main product page



▲ Amazon's zShops provide an easy way for you to sell online